

1.0 Division of Fleet Operations**Summary**

The Division of Fleet Operations was established as a new division with the passage of Senate Bill 266 in the 1996 General Session. The division also includes the state and federal surplus property programs, having been moved from the Division of Purchasing and General Services. According to 63A-9-401 the division shall coordinate all purchases of state vehicles, establish fleet authorization and information systems, and make rules for all aspects of vehicle acquisition maintenance, resale, and utilization.

	FY 1999	FY 2000	
Revenues	Estimated	Analyst	Difference
Dedicated Credits	\$23,846,300	\$34,311,400	\$10,465,100
Restricted Rev	2,600	2,600	
Gain/Loss on Sale of Assets			
Total	\$23,848,900	\$34,314,000	\$10,465,100
Programs			
Fleet Services - Administration	\$796,700	\$851,200	\$54,500
Fleet Services - Surplus Prop.	1,210,100	1,246,000	35,900
Fleet Services - Motor Pool	11,350,000	20,535,800	9,185,800
Fleet Services - Fuel Network	10,492,100	11,681,000	1,188,900
Total	\$23,848,900	\$34,314,000	\$10,465,100
Authorized FTE	46.0	47.8	1.8
Authorized Capital Outlay	\$22,386,100	\$37,454,300	\$25,359,400
Retained Earnings	(\$99,200)	\$325,800	\$226,600

2.0 Budget Highlights

2.1 Vehicle capital authorization request

For the past year, multiple divisions of state government have been attempting to find a way to capitalize the fleet. These groups have reached a consensus that previous practices of General Fund borrowing to pay for fleet vehicles must be phased out. Several options have been presented to the Legislature, and it is expected that the Legislature as a whole will take action on the best way to capitalize the fleet.

Note to Capital Authorization

The Fleet Capitalization scenarios currently under discussion do not account for a growth in the size of the fleet. The Analyst recommends that Central Motor Pool purchase only replacement vehicles in Fiscal Year 2000 and deal with additional agency needs through short term leases. The Division of Fleet Operations believes it will be able to handle any increased capacity.

2.2 “Preferential” Rates

The State currently pays \$0.31 per mile for employees using their personal vehicle to do State business. This amount is designed to cover fuel costs, wear and tear and insurance for the vehicle while it is being used for State business. The Analyst recognizes that there are legitimate reasons for using personal vehicles for state business, but also notes that many of these personal vehicles are used at the preference of the employee. The Analyst believes that the state should adopt a policy that allows Agencies to reimburse employees at a lower “preferential rate” when the employee chooses their personal vehicle instead of using an available vehicle from the State fleet. Therefore, the Analyst recommends the following intent language:

It is the intent of the Legislature that the Department of Administrative Services develop and implement a mileage reimbursement program that allows agencies to reimburse employees for personal vehicle use at a rate less than \$0.31 when the employee is on a trip of 25 miles (or more) one-way and has chosen to use his or her personal vehicle rather than an available State fleet vehicle.

2.3 Consolidation of the Fleet

With the passage of Senate Bill 266 (1996 General Session), the Legislature expressed a desire to consolidate the State Fleet into the Central Motor Pool. The consolidation will make it easier to track usage, maintenance, repairs and fleet size. To facilitate the consolidation, the Division of Fleet Operations created a real-time, centralized database called CARS. By July 1, 1999, the Division of Fleet Operations will have immediate access to all fleet records from the State aggregate to the individual unit. Several agencies have indicated that they can not comply with that deadline. Other agencies have balked at using all three of the components of the CARS system. Therefore, the Analyst recommends the following intent language:

It is the intent of the legislature that the all State Agencies, in cooperation with the Division of Fleet Operations fully implement the three core components of CARS fleet information system by July 1, 1999 in accordance with UCA 63A-9-401 (1)(b). The three core components are as follows, 1)Inventory tracking center, 2)Motor Pool Utilization Center (Reservations) and 3)Work Order center. It is further the intent of the Legislature that all State Agencies fully utilize CARS to obtain at least six calender months of fleet cost data prior to the FY 2000 General Session.

2.4 Delegations to Higher Education

Although the ultimate goal of the Legislature is to have a fully consolidated fleet, certain fleets are indicating they can be more efficient if allowed to continue to operate independently. Therefore, the Analyst concurs with the Division of Fleet Operations to grant a one year delegation authority to Higher Education. However, that concurrence is conditional on delegated fleets complying with the following intent language:

It is the intent of the Legislature that the fleets within the Higher Education institutions be allowed to request exemption from the consolidation requirements of the Division of Fleet Operations for FY 2000. However, these fleets will pay their share of the AFV costs and the MIS costs as identified by the Division of Fleet Operations. In addition, under the direction of the Division of Fleet Operations, Higher Education shall develop vehicle coding consistent with the CARS system.

2.5 Fleet Capitalization

Legislative policy has been to use General Fund borrowing to pay for state vehicles. As the state has grown, the amount borrowed from the General Fund has grown to more than \$42 million in outstanding debt. If the State were to never buy another vehicle, the debt would be paid off in 5 years. Since the State is a going concern, however, the lack of capitalization will mean that the amount borrowed from the General Fund will continue to grow.

The Analyst is recommending two changes in the way vehicles are funded. The first is for the Legislature to adopt a plan that will capitalize the **current** fleet. The table below summarizes four possible approaches that the Legislature may consider. It does not include UDOT Heavy Equipment, Natural Resources or Higher Education. These three agencies have the means to capitalize their own fleets.

	Current Practice	Base Funding \$5,000,000	Base Funding \$7,000,000	Bonding for Purchases
Beginning GF Fleet Balance	(\$32,291,428)	(\$32,291,428)	(\$32,291,428)	(\$32,291,428)
Peak Deficit	(\$106,592,689)	(\$38,882,869)	(\$32,593,338)	(\$32,052,013)
Annual Appropriation (GF)	\$0	\$5,000,000	\$7,000,000	\$0
Year of Peak Deficit	FY 2017	FY 2005	FY 2000	FY 2012
Fleet GF Balance - FY 2018	(\$105,876,057)	(\$10,876,057)	\$5,623,943	(\$31,276,056)
Total Principal and Interest	\$0	\$0	\$0	(\$214,501,601)

The second recommended change is in the way agencies acquire **additional** vehicles. The Analyst recommends that when adding to the fleet, agencies request funds to purchase the vehicle from their Appropriation Subcommittee. The Subcommittee should also fund the Fleet ISF rates for the vehicle at this time. Some agencies have complained that the ISF rates amount to paying for the vehicle twice. This is not the case. The appropriation to purchase the vehicle will buy the car, the rates will allow the fleet to purchase the second car without borrowing from the General Fund.

The Analyst believes this will accomplish two goals: first, agencies will be held more accountable on the number of vehicles they are purchasing. Second, for the first time, agencies will pay the true costs of operating a vehicle.

3.1 Programs: Fleet Services - Administration

Recommendation

The Analyst is recommending the agency request

	FY 1998	FY 1999	FY 2000	
Revenues	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$619,100	\$796,700	\$851,200	\$54,500
Gain/Loss on Sale of Assets	45,900	0	0	0
Total	\$665,000	\$796,700	\$851,200	\$54,500
Expenditures				
Personal Services	\$473,100	\$605,400	\$650,300	\$44,900
Travel	2,600	1,400	2,400	1,000
Current Expense	89,400	89,500	98,900	9,400
Data Processing	81,400	81,300	80,500	(800)
Data Processing Capital	1,600	2,200	2,200	0
Other Charges - Transfers	16,900	16,900	16,900	0
Total	\$665,000	\$796,700	\$851,200	\$54,500
Net Operating Income	\$0	\$0	\$0	\$0
Authorized FTE's	7.8	9.5	9.5	0
Authorized Capital Outlay	\$0	\$6,500	\$0	(6,500)
Retained Earnings	(\$35,200)	\$10,705	\$10,705	0

Summary

The administration program is responsible for the accounting and budget section of the Division of Fleet Operations. This section is also responsible for billing and associated accounting functions such as; accounts receivable, accounts payable and the periodic financial reporting of the divisions current fiscal situation. This section reviews the program expense accounts to assist the program managers in providing cost efficient utilization of tax dollars while still providing necessary services to the State of Utah, political subdivisions, and the public. In addition, they coordinate the annual rate package for internal service funds and prepare and distribute the annual fleet operations budget for the Division, Governor, Legislature and other concerned parties.

3.2 Programs: Fleet Services - Motor Pool

Recommendation

The Analyst is recommending an additional two FTEs for this program. However, these positions will be transferred in from other fleets, even though they are reflected below as an increase.

	FY 1998	FY 1999	FY 2000	
Revenues	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$9,492,500	\$11,350,000	\$20,535,800	\$9,185,800
Total	\$9,492,500	\$11,350,000	\$20,535,800	\$9,185,800
Expenditures				
Personal Services	\$632,300	\$623,900	\$703,200	\$79,300
Travel	1,000	2,900	2,900	0
Current Expense	3,793,200	4,808,300	9,459,300	4,651,000
Data Processing	6,400	12,200	17,400	5,200
Data Processing Capital	68,100	100,000	150,000	50,000
Depreciation	5,508,800	6,507,100	9,437,100	2,930,000
Other Charges - Transfers	106,700	110,000	270,000	160,000
Total	\$10,116,500	\$12,164,400	\$20,039,900	\$7,875,500
Net Operating Income	(\$624,000)	(\$814,400)	\$495,900	\$1,310,300
Authorized FTE's	16.35	16.85	18.85	2.00
Authorized Capital Outlay	\$11,888,800	\$21,485,800	\$24,529,400	\$3,043,600
Retained Earnings	\$395,312	(\$419,088)	\$76,912	\$496,000

Summary

The operations program is responsible for all the management accountability associated with the operation of statewide vehicle fleet, central motor pool operation, division wide safety objectives/compliance and the underground storage tank program. The central motor pool operates a vehicle fleet of approximately 2,300 vehicles. The program also manages several small daily rental mini-pools located along the Wasatch front. This program manages all aspects normally associated with vehicle management including; approval process, vehicle specification, vehicle acquisition, operation, maintenance and replacement of a vehicle fleet. The program also administers the division safety program, vehicle accident management program, federal alternative fuel program and coordinates the statewide underground storage tank program.

Capital Outlay Recommendation

The Division of Fleet Operations used a study conducted by DMG Maximus as a baseline in making its request for capital authorizations. This recommendation reflects the DMG analysis, less UDOT heavy equipment and the owned fleets of Higher Education and the Department of Natural Resources, which should join the consolidation in FY 2001. The Division has indicated that it can manage FY 2000 growth within the existing fleet size, leading the Analyst to recommend that only replacement vehicles should be purchased in FY 2000.

**Note to capital
authorization**

The Analyst is recommending this level of capital authorization subject to the availability of working capital. Absent any other mechanism, the majority of the funding for fleet capitalization will come from General Fund borrowing. It is expected that the State treasurer and the Division of Finance will not allow borrowing beyond a prudent level, regardless of the 90 percent loan to value statute.

State Owned Vehicle Report

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DEPARTMENT/AGENCY	EQUIPMENT TYPE				SUBTOTAL	OTHER	TYPE TOTAL
	CARS, VANS 4X2 TRUCKS	4X4 VEHICLE	TRUCKS 1 TON+	POLICE			
Administrative Services	262	52	5	0	319	0	319
Agriculture	64	16	8	0	88	0	88
Alcoholic Beverage	23	0	0	0	23	7	30
Attorney General	20	3	0	0	23	0	23
Board of Regents	0	1	0	0	1	0	1
College of Eastern Utah	36	2	12	0	50	16	66
Dixie College	58	0	6	2	66	0	66
SLCC	87	3	6	0	96	39	135
Snow College	35	0	2	0	37	14	51
Southern Utah University	89	2	10	0	101	7	108
University of Utah	370	53	30	1	454	38	492
Utah State University	614	68	42	0	724	110	834
UVSC	104	0	3	0	107	37	144
Weber State University	145	5	9	0	159	24	183
Commerce	27	3	0	0	30	0	30
Comm & Econ Development	14	3	1	0	18	0	18
State Library	20	0	0	0	20	2	22
Corrections	249	28	18	56	351	0	351
Board of Education	75	1	0	0	76	3	79
Bridgerland ATC	15	4	4	0	23	8	31
Davis ATC	14	0	0	0	14	2	16
Ogden/Weber ATC	9	0	0	0	9	1	10
Sevier Valley ATC	3	1	0	0	4	1	5
Uintah Basin ATC	11	0	0	0	11	2	13
Environmental Quality	25	18	1	0	44	0	44
Governor	4	0	0	0	4	0	4
Health	32	4	0	0	36	0	36
Human Services	329	31	6	0	366	0	366
Developmental Center	49	0	2	0	51	0	51
Insurance	5	0	0	1	6	0	6
Judicial Council	144	3	1	0	148	0	148
Labor Commission	24	2	0	0	26	0	26
Legislative Auditor General	1	0	0	0	1	0	1
National Guard	17	11	1	0	29	0	29
Navajo Trust Fund	0	1	0	0	1	0	1
Natural Resources	99	759	18	0	876	304	1180
Non State subscriptions*	119	10	1	0	130	0	130
Public Safety	241	11	3	377	632	49	681
School & Inst Trustlands Admin	6	5	0	0	11	0	11
State Auditor	1	1	0	0	2	0	2
Tax Commission	48	5	1	12	66	0	66
Transportation	532	67	853	0	1452	3231	4683
Utah Sports Authority	3	2	0	0	5	0	5
Workforce Services	102	7	0	0	109	0	109
TOTALS	4125	1182	1043	449	6799	3895	10694

State Owned Vehicle Report

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DEPARTMENT/AGENCY	OWNED VEHICLES	LEASED VEHICLES	GRAND TOTAL	UNMARKED TOTAL
Administrative Services	232	87	319	12
Agriculture	0	88	88	0
Alcoholic Beverage	21	9	30	0
Attorney General	0	23	23	12
Board of Regents	0	1	1	1
College of Eastern Utah	53	13	66	1
Dixie College	57	9	66	1
SLCC	133	2	135	1
Snow College	29	22	51	1
Southern Utah University	78	30	108	1
University of Utah	470	22	492	0
Utah State University	801	33	834	0
UVSC	120	24	144	1
Weber State University	172	11	183	0
Commerce	0	30	30	23
Comm & Econ Development	0	18	18	1
State Library	22	0	22	0
Corrections	0	351	351	177
Board of Education	13	66	79	1
Bridgerland ATC	31	0	31	0
Davis ATC	16	0	16	0
Ogden/Weber ATC	10	0	10	0
Sevier Valley ATC	5	0	5	0
Uintah Basin ATC	13	0	13	0
Environmental Quality	0	44	44	0
Governor	0	4	4	2
Health	0	36	36	0
Human Services	37	329	366	72
Developmental Center	51	0	51	0
Insurance	0	6	6	6
Judicial Council	0	148	148	80
Labor Commission	0	26	26	1
Legislative Auditor General	0	1	1	0
National Guard	0	29	29	1
Navajo Trust Fund	0	1	1	0
Natural Resources	1180	0	1180	23
Non State subscriptions*	0	130	130	0
Public Safety	660	21	681	146
School & Inst Trustlands Admin	0	11	11	0
State Auditor	0	2	2	1
Tax Commission	0	66	66	15
Transportation	4364	319	4683	2
Utah Sports Authority	3	2	5	0
Workforce Services	1	108	109	7
TOTALS	8572	2122	10694	589

3.3 Programs: Fleet Services - Fuel Network /Management Information System (MIS)**Recommendation**

The Analyst is recommending the agency request for the fuel network.

	FY 1998	FY 1999	FY 2000	
Revenues	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$8,817,900	\$10,492,100	\$11,681,000	\$1,188,900
Total	\$8,817,900	\$10,492,100	\$11,681,000	\$1,188,900
Expenditures				
Personal Services	\$161,200	\$232,100	\$308,600	\$76,500
Travel	1,500	3,100	3,800	700
Current Expense	8,217,300	9,757,300	11,137,000	1,379,700
Depreciation	103,500	136,600	170,100	33,500
Other Charges - Transfers	129,700	129,700	129,700	0
Total	\$8,613,200	\$10,258,800	\$11,749,200	\$1,490,400
Net Operating Income	\$204,700	\$233,300	(\$68,200)	(\$301,500)
Authorized FTE's	7.05	6.85	6.85	0.00
Authorized Capital Outlay	\$132,300	\$891,500	\$830,000	(\$61,500)
Retained Earnings	(\$49,500)	\$183,900	\$115,700	(\$68,200)

Summary

This program centrally manages all aspects associated with the division's telecommunication services, computer information systems, and over 90 electronic consolidated refueling stations. The MIS/Fuel group also oversees the administration and technical support for the statewide fleet management information system (database), and the statewide fuel network services which serves approximately 600 agencies including local government, school districts, and special service districts. This program is staffed primarily with technical support personnel skilled in computer programming. LAN infrastructure maintenance, electronic fuel equipment maintenance and customer service telephone support/training.

**Capital Outlay
Recommendation**

1. Card Readers \$70,000

A number of card readers, on a six year depreciation cycle need to be replaced by new technology to provide on-line driver services and be able to coordinate with the new Fleet Management Information System. The card readers that are able to be repaired needing boards replaced to be compatible with the FMIS, will have that done rather than total replacement. However, many of the current systems are no longer available.

2. Tank Monitor Replacements \$40,000

Tank monitors are also a depreciating item subject to changing technology. Need updating on a regular cycle. Without scheduled updates, the replacement parts will become more expensive than complete replacement. Updating from older systems are able to incorporate new technology without complete replacement costs and provides the ability to increase the level of functionality. Example: updating of monitors can provide precision tank testing capability without hiring it from an outside vendor at approximately \$500 per occurrence.

3. Alternative Fuels Request \$720,000

Since FY 1997, Fuel Dispensing has been able to provide alternative fueling sites at University of Utah, Jordan School District and UDOT - Rampton Building. With the need to convert up to 75 percent of light duty vehicle purchases to alternative fuels, as required by the federal Energy Policy Act, additional fueling sites are needed. Fuel Dispensing requests budget authority to construct additional alternative fuels refueling facilities in FY 2000. These could include West Valley City and the Department of Corrections. Final site decision would be determined by reviewing infrastructure and plans at the time of construction bidding to determine most effective sites. Depreciation expense would be recaptured through future fuel rates.

3.4.1 Programs: Surplus Property - Federal

Recommendation

The Analyst is recommending the agency request for this program.

	FY 1998	FY 1999	FY 2000	
Revenues	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$371,600	\$625,200	\$648,600	\$1,273,800
Restricted Revenue	2,600	2,600	2,600	5,200
Total	\$374,200	\$627,800	\$651,200	\$1,279,000
Expenditures				
Personal Services	\$220,800	\$242,000	\$247,900	\$489,900
Travel	12,200	25,400	25,400	50,800
Current Expense	380,500	343,000	368,400	711,400
Data Processing	600	300	300	600
Depreciation	22,600	5,700	5,700	11,400
Other Charges - Transfers	57,500	6,200	6,200	12,400
Total	\$694,200	\$622,600	\$653,900	\$1,276,500
Net Operating Income	(\$320,100)	\$5,100	(\$2,800)	\$2,300
Authorized FTE's	5.85	5.78	5.73	(0.05)
Authorized Capital Outlay	\$2,300	\$0	\$0	
Retained Earnings	\$48,400	\$53,500	\$50,700	(\$2,800)

Summary

The Federal Surplus Program consists of acquiring and donating property to public and non-profit agencies, which presently exceed 600 accounts. The Program donated over \$20 million worth of property needed to assist these state, county, and local agencies in stretching their scarce budget dollars. The administrative handling fees charged to these agencies were only three percent of the original acquisition cost.

Revenue Estimates

Last year, the Analyst expressed concern that Surplus was estimating a loss for Fiscal Year 1999, following a large loss in Fiscal Year 1998. It appears that the Federal Surplus program is now solvent and will continue to perform at a break-even level. The new location for Surplus operations near the prison in Draper should afford the program the chance to take advantage of cost savings related to rent and personal services.

3.4.2 Programs: Surplus Property - State

Recommendation

The Analyst is recommending the agency request for this program.

	FY 1998	FY 1999	FY 2000	
Revenues	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$583,200	\$582,300	\$594,800	\$12,500
Total	\$583,200	\$582,300	\$594,800	\$12,500
Expenditures				
Personal Services	\$321,800	\$283,100	\$279,000	(\$4,100)
Travel	500	1,000	2,000	1,000
Current Expense	249,600	285,900	301,500	15,600
Data Processing	500	200	200	0
Depreciation	18,900	5,000	5,000	0
Other Charges - Transfers	79,000	6,900	6,900	0
Total	\$670,300	\$582,100	\$594,600	\$12,500
Net Operating Income	(\$87,200)	\$0	\$0	\$0
Authorized FTE's	8.95	7.02	6.87	(0.15)
Authorized Capital Outlay	\$0	\$2,300	\$0	(\$2,300)
Retained Earnings	\$71,800	\$71,800	\$71,800	\$0

Summary

The division sells State agency surplus property to the public subject to a 30 day purchase priority that is given to state and local government agencies. The best possible price is obtained by using varied sales methods; i.e., warehouse direct sales, sealed bids, spot bids and auction sales to the public. An annual report is made to the Legislature regarding state owned assets disposed of by user agencies. The majority of sales are related to vehicles and heavy equipment

Cost of Sales has declined

In recent years the Analyst has expressed concern about the high cost charged to agencies to sell surplus vehicles. It is noted that the rate has declined from 20 percent of sales price in FY 1996 to a proposed 9 percent of sales price for FY 1999.

Annual report to the Legislature

The summary of surplus activity for FY 1998 follows the 4.0 table.

4.0 Tables: Division of Fleet Operations

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Revenue	Actual	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits	\$12,940,200	\$14,500,000	\$17,218,600	\$19,884,300	\$23,846,300	\$34,311,400
Restricted Rev				2,600	2,600	2,600
Gain/Loss on Sale of Assets	674,100	518,700	423,700	45,900		
Total	\$13,614,300	\$15,018,700	\$17,642,300	\$19,932,800	\$23,848,900	\$34,314,000
Programs - Revenue						
Administration				\$665,000	\$796,700	\$851,200
Surplus Property	\$1,555,000	\$1,134,300	\$924,700	957,400	1,210,100	1,246,000
Motor Pool	6,566,400	6,629,300	8,274,000	9,492,500	11,350,000	20,535,800
Fuel Network	5,218,800	6,736,500	8,353,600	8,817,900	10,492,100	11,681,000
Total	\$13,340,200	\$14,500,100	\$17,552,300	\$19,932,800	\$23,848,900	\$34,314,000
Expenditures						
Personal Services	\$1,138,800	\$1,239,500	\$1,238,600	\$1,809,200	\$1,986,500	\$2,189,000
Travel	18,400	18,700	20,500	17,800	33,800	36,500
Current Expense	8,113,500	10,075,700	4,473,500	12,730,000	15,284,000	21,365,100
Data Processing	3,300	2,900	500	88,900	94,000	98,400
DP Capital				69,900	102,500	152,500
Capital Outlay	3,570,400	3,764,200	4,593,800	5,653,800	6,654,400	9,617,900
Pass-Through	331,700		31,500	389,800	269,700	429,700
Total	\$13,176,100	\$15,101,000	\$10,358,400	\$20,759,400	\$24,424,900	\$33,889,100
Net Operating Income	(\$235,900)	(\$600,900)	(\$249,000)	(\$826,600)	(\$576,000)	\$424,900
FTE Standard	38.25	35.00	36.85	46.00	46.00	47.80
Auth. Capital Outlay	\$5,716,300	\$7,127,600	\$8,283,700	\$12,023,400	\$22,386,100	\$25,359,400
Retained Earnings	\$833,800	\$7,541,600	\$1,292,500	\$430,812	(\$99,183)	\$325,817

**DIVISION OF FLEET OPERATIONS
UTAH STATE AGENCY FOR SURPLUS PROPERTY
ANNUAL REPORT TO THE LEGISLATURE**

Introduction

As required by R28-1-6, Surplus Property is pleased to submit this annual report to the Legislature. As you are aware, the Utah State Agency for Surplus Property operates two separate and distinct programs, both State and Federal, each with its own rules, regulations, and accounting procedures. Also required by 63A-9-801(2)(c) is the annual report of transfers of electronic equipment to the Information Technology Commission and the Legislative Interim Education Committee for Fiscal Year 1998.

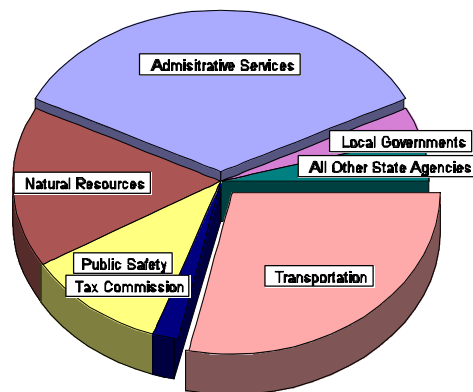
Program Highlights and Accomplishments

- The Federal Surplus Program is committed to acquiring and donating property to public and non-profit organizations.
- Donated over \$6 million worth of Federal property needed to assist the state, county, and local organizations in stretching their scarce budget dollars.
- The State Surplus Program is committed to dispose of State-owned property independently, ethically, efficiently, and with the highest possible return to the State.
- After holding items an appropriate time for other state and local agencies to acquire them for their needs, property is marketed to the public via retail sales, sealed bids, and auctions.
- State Surplus Property returned over \$3.3 million to state agencies and local governments in Fiscal Year 1998.
- State Surplus reduced service fee rates for vehicles and heavy equipment.
- Increased outreach and marketing efforts to increase volumes and revenues in order to benefit the agencies we serve.
- Donated over \$160,000 worth of electronic equipment from State agencies that included computers, monitors, printers, etc. to various schools and educational organizations.

Program Outlook

Both Fiscal Years 1998 and 1999 are transitional for this Agency. The Agency currently resides in a temporary facility at the Boyd Martin building / Fair Park located at 1260 West North Temple. The move was necessary to accommodate the I15 reconstruction. The Agency will be moving a second time, toward December 1998, to its permanent location at 138th South, near the Department of Corrections in the city of Draper. It is anticipated that Surplus Property will enter into various joint-ventures with Correctional Industries (UCI), such as:

Return on Sales by Department



- Heavy Equipment refurbishing
- Vehicle repair and maintenance
- Furniture refurbishing
- Warehousing functions
- Used Computer refurbishing
- Building Maintenance, janitorial and landscaping

This new partnership will enhance the Agency's ability to provide quality property to state, county, and local organizations while maintaining low operating costs.

Summary

Both Federal and State Surplus Property Programs proudly serve over 600 municipal government and non profit agencies. These agencies, and the taxpayer, benefit by acquiring useful equipment from the Federal Surplus Property Program at a significantly lower cost than if purchase new. They also benefit from the disposal of property through the State program with sales to the general public.